

COMMISSION OF THE EUROPEAN COMMUNITIES

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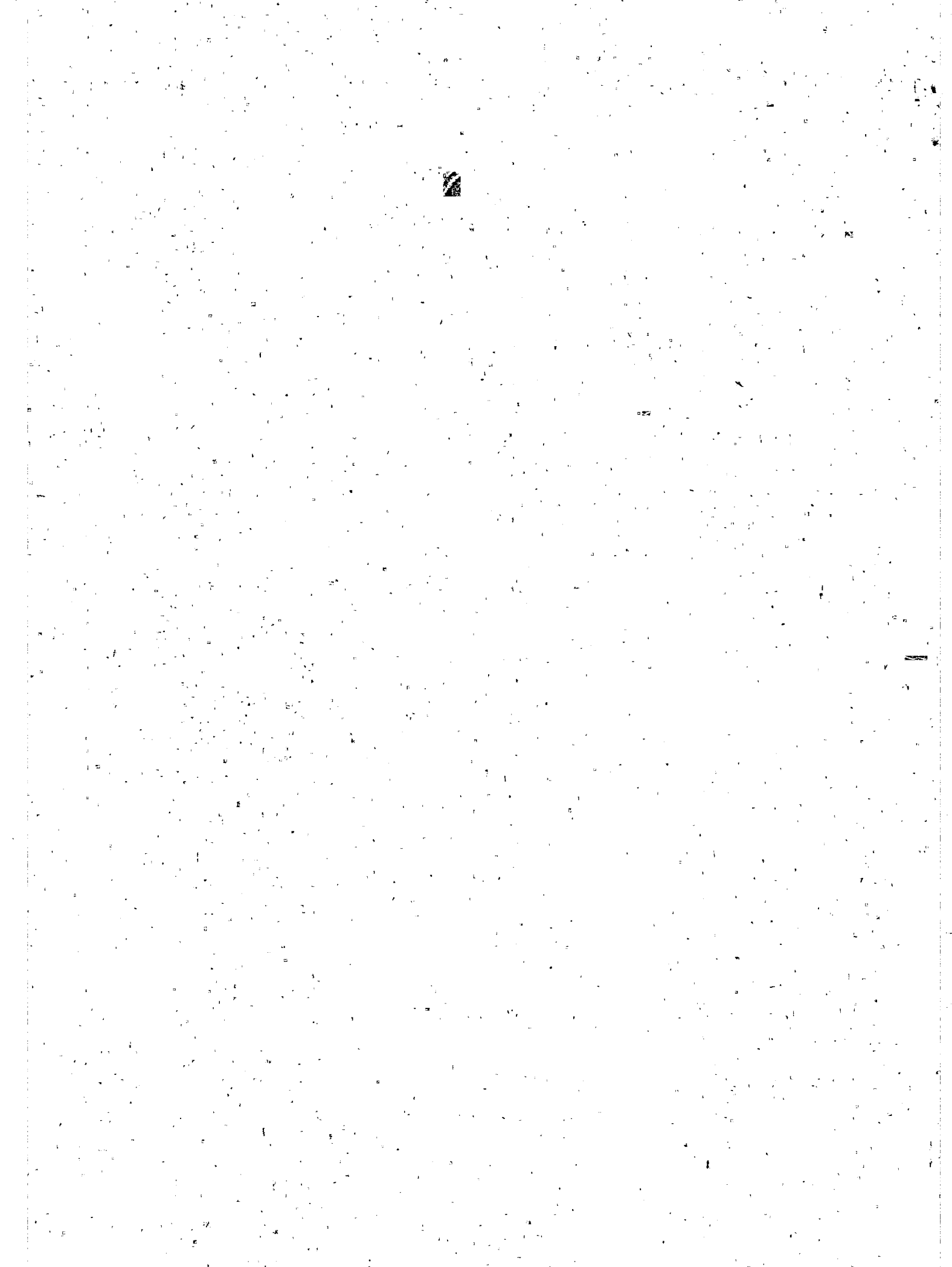
Brussels, 23 September 1974

Proposal for a

COUNCIL DECISION

concluding the OECD understanding of 27 June 1974
on export credits for ground satellite communications
stations and adopting measures for its implementation

(submitted to the Council by the Commission)



EXPLANATORY MEMORANDUM

1. The Community has participated in the drafting within the OECD of an Understanding on export credits for ground satellite communications stations.

The Commission conducted these negotiations in close consultation with the Committee provided for in Article 113 of the EEC Treaty and within the framework of the directives issued to it by the Council in its Decision of 4 February 1974.

The negotiations terminated in an Understanding which was adopted by the Resolution of the OECD Council of 27 June 1974 and approved by several members of that organization and by the Community.

As regards Community participation in this Understanding, the Resolution adopted by the OECD Council contains the following footnote:

"Reference in the present Resolution, as well as in its Annex, to 'member countries or Governments participating in the Understanding' shall be considered to apply also to the European Economic Community".

Although this wording is only a stopgap until a better formula is negotiated, the Commission decided to accept it in this case, particularly since the Council was in favour of such a solution, in order to avoid calling into question all the texts already drawn up within the OECD.

2. Therefore, the Commission considers that the outcome of the negotiations is acceptable to the Community and consequently, under Article 113 of the EEC Treaty, recommends the Council to conclude the Understanding.

The public support measures provided for in the Understanding are also subject to the consultation and information procedure in matters of credit insurance, credit guarantees and financial credits which the Community set up unilaterally by the Council Decision of 3 December 1973. To facilitate the application of this procedure, the Commission proposes that, as regards those public support measures which observe the two conditions laid down in the Understanding (minimum advance payment and maximum duration of credit), the Member State concerned be exempted from the requirement to await prior consultation on these two points before granting its support. The Community procedure would thus continue to apply in its entirety to any more favourable support measures granted by a Member State under Article 5 and 6 of the Understanding. In addition, in order to facilitate coordination between the two procedures, provision should be made for all notifications or communications effected or received by Member States under the Understanding to be transmitted by way of information to the other Member States and to the Commission.

Apart from these two provisions, no further measures are required in order to ensure the application of the Understanding by the Member States.

3. Therefore, as provided for in Article 113 of the EEC Treaty, the Commission proposes that the Council conclude the Understanding and adopt the measures necessary for its implementation by adopting the attached Decision.

¹ OJ No L 346, 17 December 1973, p. 1.

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DRAFT PROPOSAL FOR A COUNCIL DECISION CONCLUDING THE OECD
UNDERSTANDING OF 27 JUNE 1974 ON EXPORT CREDITS FOR GROUND
SATELLITE COMMUNICATIONS STATIONS AND ADOPTING MEASURES
FOR ITS IMPLEMENTATION

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic
Community, and in particular Article 113 thereof;

Having regard to the proposal from the Commission;

Whereas the Community participated in the framing of the Understanding
on export credits for ground satellite communications stations, which
was adopted by the Resolution of the OECD Council of 27 June 1974;

Whereas it is desirable to conclude this Understanding and to adopt
certain measures for its implementation, taking into account in
particular the provisions of the Council Decision¹ of 3 December 1973
on consultation and information procedures in matters of credit
insurance, credit guarantees and financial credits;

HAS DECIDED AS FOLLOWS:

Article 1

The Understanding on export credits for ground satellite communications
stations, adopted by the Resolution of the OECD Council of
27 June 1974, is hereby concluded on behalf of the European Economic
Community.

The texts of the Understanding and the Resolution are annexed hereto.

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¹ OJ No L 346, 17 December 1973, p. 1.

Article 2

Credits for the export to third countries of ground satellite communications stations which are not granted on more favourable terms than those set out in Article 1 of the Understanding may not be the subject, as regards the duration of credit and the instalments payable, of an unfavourable opinion within the meaning of Article 10 of the Annex to the abovementioned Council Decision of 3 December 1973.

Article 3

Member States shall transmit to the other Member States and to the Commission, subject to the conditions set out in Article 9 of the Annex to the abovementioned Council Decision of 3 December 1973, the notifications and other communications which they send or receive pursuant to the Understanding.

Article 4

This Decision is addressed to the Member States.

Done at Brussels,

For the Council

Paris, 10 July 1974

C(74)112(Final)

COUNCIL

RESOLUTION OF THE COUNCIL

CONCERNING AN UNDERSTANDING ON EXPORT CREDITS
FOR GROUND SATELLITE COMMUNICATIONS STATIONS

(Adopted by the Council at its 363rd Meeting on 27 June 1974)

The Council,

Having regard to the terms of reference of the Trade Committee's Group on Export Credits and Credit Guarantees, which includes consideration of all possible ways of improving cooperation between Member countries in the field of export credits and credit guarantees [C(63)141, C/M(63)22 Annex (Final), Item 225];

Considering that an understanding between interested Member countries on the most favourable credit terms which may be officially supported for exports of ground satellite communications stations would constitute a useful contribution for the goods concerned to efforts aiming at creating more orderly competition in the field of export credits;

Having regard to the Report by the Trade Committee's Group on Export Credits and Credit Guarantees of 10 June 1974, concerning the implementation between certain Member countries of an Understanding on Export Credits for Ground Satellite Communications Stations [C(74)112];

I. NOTES with satisfaction that the following Member countries: Belgium, Canada, Denmark, Germany, France, Ireland, Italy, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States, have approved the Understanding set out in the Annex to this Resolution, whereby they undertake not to extend official support for export credits for ground satellite communications stations on terms more favourable than the most favourable terms set out in the Understanding.

II. NOTES that these countries have agreed that the Understanding shall become effective as from 1 July 1974.

* Reference in the present Resolution, as well as in its Annex, to "Member countries or Governments participating in the Understanding" shall be considered to apply also to the European Economic Community.

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III. INSTRUCTS the Group on Export Credits and Credit Guarantees to follow the operation of the Understanding, to review it within a period of one year after its implementation and, in any case, as often as requested, in accordance with clause 8 of the Understanding, and to make any appropriate proposals to the Council.

IV. REQUESTS the Secretary-General to ensure the efficient administration of the Understanding.

Annex

UNDERSTANDING OF EXPORT CREDITS FOR GROUND SATELLITE COMMUNICATIONSSTATIONS (1)

1. The Governments participating in the present Understanding undertake not to extend official support to export credits for ground satellite communications stations on terms more favourable than the following:

- downpayment of 10 per cent at least of the contract value, payable by final shipment, of which not less than 5 per cent payable on signature of the contract;
- credit of maximum length of 8 years from commissioning (2) repayable by regular and equal half-yearly instalments.

2. In this context "officially supported" shall include any facilities which enable credits to be insured, guaranteed or financed by governments, by governmental institutions or with any form of direct or indirect governmental participation in the operation in question.

3. Insofar as other public bodies participate in measures to promote exports, participating governments agree to use all possible influence to prevent the financing of export contracts on terms more favourable than those set out in the Understanding.

4. The most favourable terms laid down in the Understanding will apply to the officially supported credit extended by the exporter to the buyer (in a supplier credit transaction) or by a bank or any other party in the exporter's country to the buyer or any other party in the buyer's country (in a buyer credit transaction).

5. Official Development Assistance (ODA) transactions with developing countries are subject to the general rules and procedures covering the provision of ODA. Correspondingly, more favourable terms than those set forth in this Understanding may be supported for transactions eligible for consideration as ODA by the Development Assistance Committee. Participating Governments agree to give adequate notice of the intention to support in a particular case such terms.

(1) The Understanding applies to transactions concerning complete stations, major components or parts of such stations, and whether the transaction takes place in isolation or as part of larger projects.

(2) By "commissioning" is meant the point in time when construction of the station and preliminary tests by the supplier to ensure that it is ready for operation have been completed, whether or not under the terms of the contract the hand-over to the buyer is in fact made at that time, and irrespective of any continuing commitment which the supplier may have with regard to guaranteeing that the station will operate effectively or to training of local personnel.

If in the case of transactions financed wholly or in part from other funds than ODA, a participating Government nevertheless considers a transaction to be development-motivated, the extension of more favourable terms is not precluded, provided that, together with the adequate notice of the intention to support such terms, appropriate explanations of the relevant motives are given.

For all cases covered by this Clause "adequate notice" means that, in accordance with agreed procedures, notification will be made to the other participating governments in the Understanding with maximum possible notice, normally not less than six weeks before the beneficiary or the exporter is informed.

6. Any government participating in the Understanding may, provided that the decision is immediately notified to all other participating governments, support more favourable terms in a particular substantiated case to match terms of officially supported transactions or contraventions of the above terms by other participating governments, or competition from non-participating countries.

7. Any government participating in the Understanding may obtain information from any other participating government on the terms of any official support for the export of the goods concerned in order to ascertain whether the terms actually conform to those set out in the Understanding. Participating governments undertake to supply all possible information requested with all possible speed. According to the rules and practices of the O.E.C.D. any participating government may ask the Secretary-General to act on its behalf in the aforementioned matter and to circulate the information obtained to all participants in the Understanding.

8. The Understanding shall be subject to review as often as requested by participating governments. Any participating government may withdraw from the Understanding upon giving to its partners three calendar months' notice of its intention to do so. Within this period, at the request of any of these partners, there shall be a meeting of the O.E.C.D. Group on Export Credits and Credit Guarantees, and any other participating government, on notification to its partners, may withdraw from the Understanding at the same effective date as the government which first gave notice.